GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3088
ANSWERED ON:16.03.2001
NON-RECOVERY OF SALES TAX BY GOVERNMENT MINT, MUMBAI
RAGHUNATH JHA

Will the Minister of FINANCE be pleased to state:

(a) whether the Government Mint, Mumbai did not recover sales tax on supply of commercial items to the Government departments and private indentors from 1994 onwards;

(b) if so, the reasons therefor;

(c) the amount involved therein; and

(d) the panel action proposed to be taken in the matter?

Answer

MINISTER OF STATE IN MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a)&(b) Mumbai Mint since its inception apart from minting coins (both circulation & commemorative) under the Indian Coinage Act, 1906, also produces Standard Weights, Length Measures and Stamping Equipments under the Weights & Measures Act, 1976 for all State Governments. These functions are sovereign & statutory in nature. Besides this, it is also makes Medals & Tokens for other Ministries, Banks, Educational and Religious Institutions. Mumbai Mint was never registered as a dealer under the Sales Tax Act nor was it liable for payment of any Sales Tax. In fact till the first assessment was done by the Sales Tax Act Department in 1995-96, the liability of Mumbai Mint to pay Sales Tax was a non issue. The Sales Tax liability of Mumbai Mint was under dispute with thee State Government and the liability was finally decided and fixed with retrospective effect in December, 1997. Since the matter was under dispute and pending decision of the State Government, Mumbai Mint could not have recovered Sales Tax from its indentors. However, Sales Tax is being collected from the indentors and monthly returns are being filed since April, 1998.

(c) The total Sales Tax paid to State Government for the years 1994-95 & 1995-96 is Rs.67,20,681/- out of this Rs.13,34,264/- arising out of sale of Commemorative coins to thousands of coin collectors seems irrecoverable and Ministry of Finance has initiated action for writing off this amount. However, action for recovery of Rs.38,54,683/- pertaining to supplies effected to Government Departments is under process and Rs.1.74 lakh has already been recovered.

(d) The decision regarding the liability of Mumbai Mint to pay Sales Tax is a result of change in policy of the State Government. As such no penal action can be taken. As soon as the liability was fixed, the following action has been taken;

1. Sales Tax is being collected and monthly returns are being filed.

2. Action has been initiated to recover Sales Tax from State Governments and other Government Departments.